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June 7, 2004

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OF COUNSEL
WILLIAM G. CONLY

Honorable James H. Welsh
Commissioner of Conservation
State of Louisiana
Post Office Box 44275
Baton Rouge, Louisiana 70804-4275

Re: APPLICATION FOR PUBLIC HEARING.

Hosston Zone, Reservoir A; Cotton Valley Formation,
Reservoir A; and Lower Cotton Valley Zone,
Reservoir A; ELM GROVE FIELD, Caddo and
Bossier Parishes, Louisiana.

Dear Sir:

SUNLAND PRODUCTION COMPANY, INC. ("Applicant"), hereby respectfully applies for a public hearing to consider evidence relative to the issuance of Orders pertaining to the following matters relating to the Hosston Zone, Reservoir A; to the Cotton Valley Formation, Reservoir A; and to the Lower Cotton Valley Zone, Reservoir A; in the Elm Grove Field, Caddo and Bossier Parishes, Louisiana:

1. To permit Applicant to designate and utilize its Frierson 30 No. 1 Well, located as shown on attached plats, as the substitute unit well for CV RA SU61 and as an alternate unit well for HOSS RA SU55.

2. To permit Applicant to drill, designate and utilize its Frierson 30 No. 2 Well as an alternate unit well for LCV RA SU67, CV RA SU61 and HOSS RA SU55 at the location shown on the attached plats.

3. To approve exceptions to the well location provisions of Office of Conservation Order No. 361-A-1, effective October 1, 1972 (applicable to the Hosston Zone, Reservoir A), Office of Conservation Order No. 361-B, effective October 1, 1973 (applicable to the Cotton Valley Formation, Reservoir A), and Office of Conservation Order No. 361-E, effective July 16, 1996 (applicable to the Lower Cotton Valley Zone, Reservoir A), for the location of either of these wells, as shown on the attached plats, which does not comply with these well location provisions.

4. To find that each of the proposed substitute and alternate unit wells is necessary to efficiently and economically drain a portion of the unit on which it is proposed to be located which cannot be efficiently and economically drained by any existing well on such unit.

5. To discuss such other matters as may be pertinent to this application.

The Hosston Zone, Reservoir A, in the Elm Grove Field, Caddo, Webster and Bossier Parishes, Louisiana, was defined in Office of Conservation Order No. 361-A-1, effective October 1, 1972, and was further defined in subsequent Orders of the 361-A series of Orders.

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The Cotton Valley Formation, Reservoir A, in the Elm Grove Field, Caddo, Webster and Bossier Parishes, Louisiana, was defined in Office of Conservation Order No. 361-B, effective October 1, 1973, and was further defined in subsequent Orders of the 361-B series of Orders.

The Lower Cotton Valley Zone, Reservoir A, in the Elm Grove Field, Caddo, Webster and Bossier Parishes, Louisiana, was defined in Office of Conservation Order No. 361-E, effective July 16, 1996.

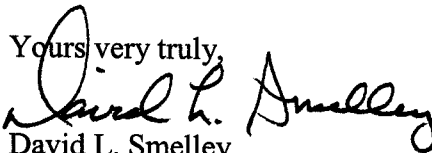
Pertinent data concerning this application is available for inspection at the offices of Mr. Don Easterwood, Sunland Production Company, Inc., 416 Travis Street, Suite 1404, Shreveport, Louisiana 71101. Any person wishing to inspect such data should call Mr. Don Easterwood at (318) 222-3538 during normal business hours in order to arrange a date and time for such inspection. A copy of any such data which is not otherwise available at the Office of Conservation can be obtained from Applicant at the expense of the requesting party.

As provided by the Revised Rules of Procedure, the subject matter of this application does not require the issuance of a pre-application notice; therefore, no such notice has been issued.

Pursuant to the aforesaid Rules of Procedure, Applicant has made a reasonable effort to obtain the names and addresses of all Interested Owners, Represented Parties and Interested Parties to whom notice of this application is being sent and has attached hereto a list of the names and addresses of such parties. A copy of this letter, and of each of the three (3) attached plats, is being sent to the District Manager of the Shreveport District of the Office of Conservation and to the Interested Owners, Represented Parties and Interested Parties, as shown on the attached list.

Applicant will provide for posting of a copy of the Legal Notice of this hearing and the enclosed plats at a prominent place in the area affected and will cause publication of the Legal Notice in a newspaper published in the general area of Elm Grove Field, all in accordance with the Revised Rules of Procedure. Furthermore, Applicant will mail a copy of the Legal Notice to all Interested Owners, Represented Parties and Interested Parties promptly upon receipt of the Legal Notice from the Commissioner.

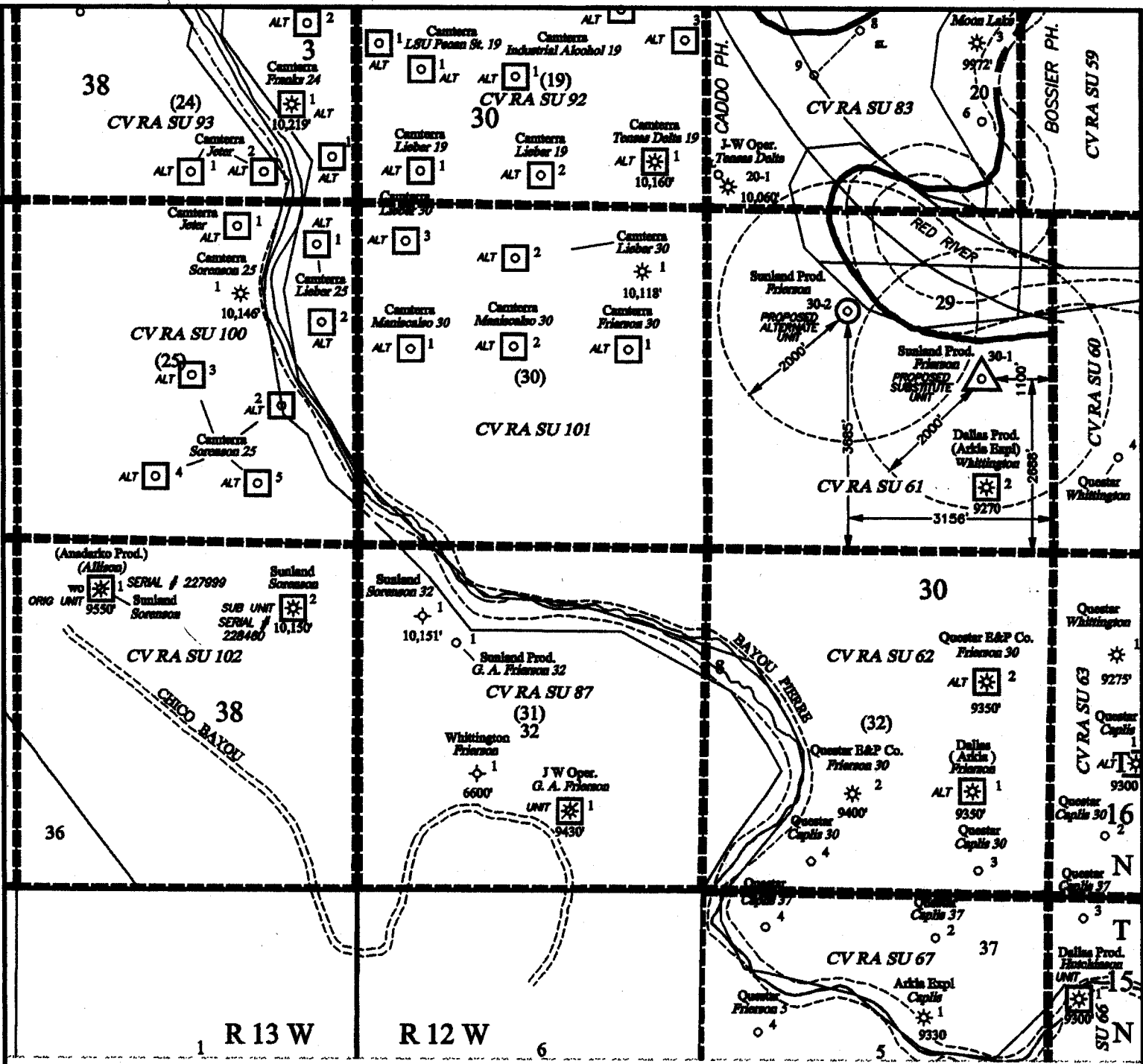
Finally, we enclose a check payable to the Commissioner of Conservation for the application fee.

Yours very truly,

David L. Smelley

-- Attorney for Sunland Production Company, Inc.

DLS:dp
Enclosures

cc: Mr. Jim Broussard (w/encls.)
Mr. Don Easterwood (w/encls.)
Mr. Joe B. Adams (w/encls.)
Interested Owners, Represented
Parties and Interested Parties (w/plats only)



SUNLAND PRODUCTION COMPANY, INC.
SHREVEPORT, LOUISIANA

ELM GROVE FIELD
CADDOPARISH, LOUISIANA

PROPOSED SUBSTITUTE UNIT WELL & ALTERNATE UNIT WELL
COTTON VALLEY RESERVOIR A SAND UNIT 61

△ : PROPOSED SUBSTITUTE UNIT WELL
○ : PROPOSED ALTERNATE UNIT WELL

--- : EXISTING COTTON VALLEY RESERVOIR A SAND UNITS
□ : EXISTING COTTON VALLEY RESERVOIR A UNIT AND ALTERNATE UNIT WELLS



